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# MEMBERSHIP RELATIONS OF COOPERATIVE ASSOCIATIONS[1]

## (COTTON AND TOBACCO)

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## INTRODUCTION

Organization of the present large-scale cooperative marketing associations in the South was begun during the fall of 1920. The movement developed rapidly and within three years such organizations had been perfected in each of the principal cotton-producing States and in the three principal tobacco-producing regions. The cotton-marketing associations usually limited membership to a single State, but the tobacco associations covered parts of several Southern States which produced a similar type of tobacco.

This cooperative marketing movement was initiated at the first meeting of the American Cotton Association held in Montgomery,

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Ala., April 13 and 14, 1920. A plan for the organization of large-scale cooperative marketing associations, similar to that of certain dried-fruit associations in California, was advanced at that meeting and was favorably received by a majority of those in attendance. After they returned home many of the delegates began to advocate such organizations for cotton producers within their own States.[2] By the end of 1925, 14 State-wide cooperative cotton-marketing associations had been formed and had attained a total of 296,970 memberships.

Soon after the interest in centralized cooperative associations for marketing cotton had been aroused, the tobacco markets of the Carolinas opened with much lower prices than had prevailed in the previous year. Tobacco producers in this territory—many of whom were also cotton producers—became interested in applying the same plan of organization to the marketing of tobacco. Consequently, an organization committee was selected to perfect plans for a tobacco cooperative marketing organization covering the producing areas of North Carolina, South Carolina, and Virginia.

At a joint meeting of the organization committee and representatives of the cotton growers of North Carolina in January, 1921, plans were formulated for conducting membership campaigns simultaneously for the two organizations. The joint campaign was carried on during 1921 and was completed early in 1922. More than half the tobacco producers of the three States became members of the Tobacco Growers' Cooperative Marketing Association.

But the Burley tobacco growers of Kentucky, West Virginia, Ohio, and Indiana were the first to complete a membership campaign for a tobacco-marketing association covering the Burley producing area. The 1920 Burley crop had sold for less than half as much per pound as the 1919 crop. As a result of these low prices, several protest meetings were held and various remedies were suggested. An organization was proposed for the purpose of withholding the crop from market and promoting a "cut-out" in 1921, but this did not materialize.

A meeting of representatives from the Burley tobacco-producing section was called in Louisville, Ky., in March, 1921. The meeting was attended by representatives from other tobacco sections and by delegates from the Kentucky Farm Bureau and the Farmers' Union. The plan of the centralized cooperative marketing associations was explained at this meeting, as it had been explained at the meeting of the American Cotton Association in Montgomery, and was approved by resolution as "sound in principle." Committees appointed to formulate plans for organization soon afterward approved the plan and contract advocated at the March meeting, and a membership campaign began in the Burley-producing section. By November 15, 1921, contracts had been signed by 55,617 growers, estimated to represent over 75 per cent of the 1920 production in the four States, and the association proceeded to handle the 1921 crop.

Growers of dark tobacco in western Kentucky and Tennessee were organized in 1922. There was less demand for organization in this section than was manifested in the Burley or in the Carolina-Vir-

[2] For a brief account of the beginning of the cotton associations see U. S. Dept. Agr. Bul. No. 1392, "Cooperative Marketing of Cotton," 1926.

ginia districts. The price of dark tobacco did not advance so much prior to 1920 as did the price of some other types, nor did it fall so low in the ensuing period of deflation. But the successful handling of the 1921 crop by the Burley association and the impetus of the wave of organization that was sweeping the country carried along the movement in this section during the summer and fall of 1922. By October 31, 1922, about 56,000 contracts, estimated to cover approximately 66⅔ per cent of the 1922 production, had been obtained by the organization committee.

## PLAN AND METHOD OF ORGANIZATION

These cotton and tobacco cooperative marketing associations were all organized on the same general plan with only minor changes adapted to the commodity handled. The ideas emphasized in promoting these associations were: (1) Sufficient volume of the product under the control of a single association, or cooperating associations, to assure systematic marketing and to make the organization a factor in price determination; (2) a long-term, irrevocable contract which, it was believed, would assure the associations the stability and permanence necessary to cope with the situation.

Farmers generally believed that prices were unsatisfactory because the farmers were not organized. A marketing association controlling a large volume of the crop was regarded favorably as a means of overcoming this disadvantage. The irrevocable contract was emphasized as a means of holding the farmer whose enthusiasm for the organization might wane after he became a member.

Many farmers joined the association without an adequate knowledge of the results that may reasonably be expected from a marketing organization. Probably some joined because of misconceptions created at the time, but conditions were serious, and it was no small task to organize State-wide associations or regional associations extending into several States. The service to be rendered by the association was relied upon to correct misunderstandings.

## MEMBERSHIP PROBLEMS

During the first year of operation, most of the large-scale cotton and tobacco associations found that the contract did not insure delivery of the crop by all members. Two cotton associations, with membership contracts covering more than 300,000 bales, received the first year of operation 91,239 and 135,912 bales.[3] The tobacco association operating in the Carolinas and Virginia received during the first year much less tobacco than the management had counted on. The Burley Tobacco Growers' Cooperative Association had only a nominal number of contract violations the first year, but there has been a slight increase in violations each succeeding year. The Dark Tobacco Growers' Cooperative Association and the Tobacco Growers' Cooperative Association (the Carolina-Virginia organization) had a decided increase in the number of contract violations each succeeding year of operation.

Violations and evasions of the contract have been due to several causes. Credit conditions in this area and a common method of

[3] See footnote 2.

financing production by means of the crop mortgage, which prevents the grower from completely controlling the marketing of his crop, doubtless constitute the most general cause of violations. Other important causes have their origin in misunderstandings on the part of the member regarding the operation of the association, dissatisfaction with the method and management, and the weak morale existing in varying degrees among the members of all the associations.

The attitude of the members toward the organization presents serious problems for the solution of which there is little accumulated experience. These problems arise largely out of a lack of understanding by members of the principles of marketing, of the principles on which their organization is based, and of the problems which it encounters in operation. So far as the membership problem is concerned, the important point is not so much what the facts are as what the members think they are.

This study of membership relations was undertaken to determine the causes of weak membership morale, dissatisfaction with the associations, and contract violations. Factors that may contribute to weak morale in the future were included in the study. The study was begun in November, 1925, and the field work was completed in April, 1926.

## SOURCE OF DATA AND METHOD OF COLLECTION

Four associations were selected for study in the belief that their problems are representative of the membership problems of the centralized cooperative associations in the South. These were among the first to be organized and their experience is similar to that of other associations in the South handling like commodities. The contract period of none of these associations had expired at the time the study was made, and all were confronted with the necessity of securing renewals of their contracts, if they were to continue to operate.

Each of these associations operates over an entire State or parts of more than one State. The number of members of these associations ranges from 35,000 to 108,000. Two of the associations market tobacco and two market cotton.

Members of each association were interviewed as to their opinions regarding their association, their reasons for joining, the benefits and services obtained, and their criticisms of the organization. A questionnaire was used and the answers of the member were written down by the interviewer with the understanding that the information would be considered confidential as to the identity of the source, and would be used only for making a report on the causes of membership satisfaction and dissatisfaction. The questionnaires were assembled and tabulated and are used as a basis for this circular. For convenience of reference each association studied is designated by a number used throughout the circular.

Membership problems arise from many sources. The schedule was intended to provide data for study of the different problems now faced or to be faced in the future by these centralized organizations. The schedule was made up to obtain information on the following subjects: Members' ideas of the purposes, possibilities, and

limitations of cooperative marketing associations; degree of satisfaction and anticipations realized; causes of dissatisfaction; understanding and appreciation of marketing services performed by the association; and knowledge of the association and its operations.

The questions relating to each of these subjects were not placed together, but were distributed throughout the schedule. This was done to reduce the possibility that previous questions or answers would suggest answers to questions which followed. The purpose of the interview was to find out what the members actually thought, and it was desired to avoid, so far as possible, suggesting the answer to any question.

If an answer was not readily forthcoming, the interviewer did not press the question, or wait for the member to think up an answer, but passed to the next question on the schedule. This occasionally resulted in failure to obtain answers to some questions. It is believed, however, that sufficient data have been obtained from each member to furnish a definite idea of his attitude toward his association.

## IDEAS PREVAILING AMONG MEMBERS REGARDING MARKETING ASSOCIATIONS

Ideas regarding the purpose and possibilities of cooperative marketing associations differ in popular discussion and doubtless differ among members of the same organizations. Differences are revealed in reasons for joining, expectations, and ideas regarding the possibilities and limitations of cooperative associations. Answers to the question, "What was your main reason for joining the association?" are to be found in Table 1.

TABLE 1.—*Replies to question, "What was your main reason for joining the association?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| To get better prices | 50 | 61 | 60 | 65 | 236 |
| Low prices at time of organization | 16 | ---- | ---- | 7 | 23 |
| Dissatisfied with existing system | 2 | 4 | 7 | 31 | 44 |
| Thought it a good thing | 1 | 20 | 33 | 21 | 75 |
| Belief in farmers' organizations | 12 | ---- | 8 | 9 | 29 |
| Other reasons | 18 | 23 | 14 | ---- | 55 |
| Total | 99 | 108 | 122 | 133 | 462 |

The answers shown in Table 1 indicate that desire for higher prices was the dominant motive of the members in joining the association. This is to be expected because cooperative marketing is a business enterprise that is undertaken to make more profitable the farming operations of the cooperating farmers. The large proportion of members of association 4 who answered, "Dissatisfied with existing system," probably may be explained by local conditions in

the territory served. Cotton growing is a relatively recent industry there, and the marketing machinery may not have been so well established as in other parts of the Cotton Belt. The answer, "Low prices at time of organization," was given by a number of the members of association 1 probably because of the severe price decline which led to the organization of this association. The answer, "Thought it a good thing," would seem to have no significance beyond suggesting a possible lack of definite expectation.

Members of associations 1 and 4 were asked, "What other reasons for joining?" The answers are given in Table 2.

TABLE 2.—*Replies to question, "What other reasons for joining?"*

| Reply | Members reporting | |
|---|---|---|
| | Association 1 | Association 4 |
| | *Number* | *Number* |
| Belief in cooperative marketing | 6 | |
| Dissatisfied with old method | 2 | |
| Persuaded to join | 2 | |
| Low prices or to help prices | 5 | |
| Belief in cooperation | 3 | |
| To cut out the middlemen or street buyers | | 6 |
| To get a better system of marketing | | 8 |
| Stabilize or control market | | 4 |
| Other reasons | | 17 |
| Total | 18 | 35 |

Members of associations 2 and 3 were asked, "What did you expect the association to accomplish?" Of 108 members reporting from association 2, 50 replied, "Better prices," and 38 replied, "Stabilizing the market." Of 122 reporting from association 3, 57 replied, "Better prices," and 34 replied, "Stabilizing the market." Other individual answers representing similar ideas were:

To secure fair and reasonable living conditions.
To put farmers on an equality with other interests.
To know the price at planting time.
To have some say as to what we get.
To do away with speculation.
To get a profit from cotton.
To get a profit on what we grow.
To reduce the number of middlemen.

### THE IDEA OF MONOPOLY INFLUENCE

Some members of these associations believe that their organization is handicapped by a small membership. The way in which they think this handicap works indicates their ideas of the possibilities of a cooperative with larger membership.

The questions, "Do you think a larger membership would improve your association?" and, "If so, how?" were asked for the purpose of obtaining information as to the importance placed on the idea of commodity control and possible monopoly influence. The replies are shown in Table 3.

TABLE 3.—*Replies to questions as to influence of a larger membership on the associations*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *Do you think a larger membership would improve your association?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 80 | 94 | 110 | 119 | 403 |
| No | 5 | 10 | 5 | 8 | 28 |
| Doubtful | 4 | 0 | 6 | 2 | 12 |
| Total | 89 | 104 | 121 | 129 | 443 |
| *If so, how?* | | | | | |
| Give more control | 64 | 55 | 67 | 68 | 254 |
| Reduce expenses | 0 | 0 | 4 | 26 | 30 |
| Get better market | 0 | 0 | 0 | 14 | 14 |
| Get more cotton | | | [1] 10 | 10 | 20 |
| Total | 64 | 55 | 81 | 118 | 318 |

[1] Come nearer selling at a profit.

Table 3 shows that most of those interviewed believed that a larger membership would improve their organization. Question 2 of the same table shows that this belief is based mainly on the expectation that a larger membership would bring a greater degree of control of supply and price. From this it would appear that the members believe that the possibilities of cooperative marketing lie to a considerable extent in controlling the commodity and the market. The answers from a number of members of association 4 showed that they gave consideration to other possibilities as well. The emphasis placed on price and commodity control is to a considerable extent a reflection of the arguments employed during the organization of the associations.

The characteristics of the commodity and its market need to be kept in mind in considering membership relations. Tobacco differs markedly from cotton. Its outlets are more limited as relatively few buyers take a large proportion of the crop. It lacks the highly organized markets existing in the cotton trade, and market quotations according to grade are not available. Under such circumstances bargaining with buyers is one of the main purposes of a cooperative marketing association, and control of a considerable volume of the product is an important factor in bargaining. Through these means an association may expect to obtain a price justified by market conditions, but it can not expect to receive any price that may be arbitrarily fixed. The different types of tobacco are fairly well localized in their production, and the organization of a considerable proportion of the growers of a given type is not difficult.

Cotton, on the other hand, has well-organized markets where large numbers of buyers and sellers are represented. The influences of supply and demand make themselves felt in these markets. Quotations by grade are available. A much larger number of growers and a wider area are involved than for tobacco. Commodity control

would be more difficult to obtain. There is, therefore, considerable difference between the two commodities.

The questions, "Has the association helped the outsider?" and, "If so, how?", were included to throw further light on the influence credited by members to their organizations. Table 4 shows that of 316 members reporting, 294 believed that their associations had been of help to outsiders. In answer to the question, "If so, how has the association benefited outsiders?" 96 members of association 1 replied that the market had been improved or the price made higher, 85 members of association 3 reported that this had been true in the fall at least, and 83 members of association 2 declared that the market had been stabilized.

TABLE 4.—*Replies to question, "Has the association helped the outsider?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4[1] | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 96 | 88 | 110 | ------- | 294 |
| No | ------- | 9 | 5 | ------- | 14 |
| Doubtful | 2 | 3 | 3 | ------- | 8 |
| Total | 98 | 100 | 118 | ------- | 316 |

[1] Question not asked of members of this association.

These answers show a preponderance of opinion among members that the associations have increased the prices received by nonmember growers. In the case of the cotton associations, the feeling seemed to prevail among many members that the associations helped prices in the fall by their policy of distributing sales throughout the year and that nonmembers benefited thereby. This conclusion has a connection with the popular belief that prices are considerably lower in the fall than at other times because of the practice customarily followed of marketing a large share of the cotton crop during that period.

Tobacco associations have been more dominant factors in their markets, and in the absence of well-organized markets that supply market quotations according to grades they have been compelled to take the lead in deciding upon their asking prices. The prices of these associations appear to have been an important factor in determining the prices for outside growers.

### POSSIBLE ACHIEVEMENTS EXPECTED IN PRICE CONTROL

Problems of price inevitably play a large part in cooperative associations, particularly in large-scale enterprises of the kind included in this study. The schedule contained questions relating to price control by cooperatives. These questions were, (1) "Will cooperative associations ever be able to fix prices on farm products?" (2) "Get cost of production?" (3) "Control acreage?" and (4)

"Do you think that farmers should organize and set prices on their products?" Table 5 shows the answers to these questions.

TABLE 5.—*Replies to questions as to probable achievements of cooperative associations in price control*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *Will cooperatives be able to fix prices?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 20 | 50 | 36 | 33 | 139 |
| Yes; if large per cent or majority is controlled | 29 | 23 | 55 | 20 | 127 |
| No | 19 | 15 | 9 | 62 | 105 |
| Doubtful | 4 | 4 | 6 | ---- | 14 |
| Have done so | 7 | ---- | [1]3 | ---- | 10 |
| To some extent | 3 | ---- | ---- | ---- | 3 |
| Total | 82 | 92 | 109 | 115 | 398 |
| *Will cooperatives ever get cost of production for the farmers?* | | | | | |
| Yes | 37 | 76 | 83 | 72 | 268 |
| No | 20 | 14 | 11 | 51 | 96 |
| Doubtful | ---- | 4 | 13 | ---- | 17 |
| Total | 57 | 94 | 107 | 123 | 381 |
| *Will cooperatives ever control acreage?* | | | | | |
| Yes | ---- | 51 | 22 | 29 | 102 |
| No | 30 | 33 | 79 | 84 | 226 |
| Doubtful | 10 | 4 | 15 | ---- | 29 |
| Total | 40 | 88 | 116 | 113 | 357 |
| *Should farmers organize and set prices on their products?* | | | | | |
| Yes; good idea | 39 | 88 | 95 | 59 | 281 |
| No; can not set prices | 16 | 11 | 16 | 45 | 88 |
| Total | 55 | 99 | 111 | 104 | 369 |

[1] Doubtful.

The replies given in Table 5 indicate the prevalence of a belief that cooperative organizations can fix prices, if they have a sufficient volume of the product. But that as many as 105 members of the 403 reporting replied that organizations can not fix prices shows that this belief is far from being universal. The replies of members of association 4 raised the total of negative answers. This was the one association in which the majority of the members interviewed expressed the opinion that organizations can not control prices. The official publication of this association has given considerable space to the limitations of price control, and in all probability its views have had some effect on the ideas of the members.

The belief that cost of production should be the basis for determining prices has a strong foothold. A considerable majority realize, however, that an association can not control acreage. When it comes to an expression of whether farmers should be organized and set their own prices, a large majority reply in the affirmative.

To get some idea of what the members considered as reasonable prices, the question was asked, "What is a fair price for cotton or tobacco?" The answers are given in Table 6.

TABLE 6.—*Replies to question, "What is a fair price for cotton or tobacco?"* [1]

| Reply | Members reporting | | | | | |
|---|---|---|---|---|---|---|
| | Tobacco association | | | Cotton association | | |
| | 1 | 2 | Total | 3 | 4 | Total |
| | *Number* | *Number* | *Number* | *Number* | *Number* | *Number* |
| 14 or 15 cents per pound | | | | | 4 | 4 |
| 15 to 20 cents per pound | 1 | | 1 | | | |
| 18 cents per pound | 1 | | 1 | | 4 | 4 |
| 18 to 20 cents per pound | 3 | | 3 | | | |
| 20 cents per pound | 7 | 4 | 11 | 4 | 37 | 41 |
| 20 to 25 cents per pound | 4 | 3 | 7 | 3 | 2 | 5 |
| 25 cents per pound | 30 | 32 | 62 | 64 | 22 | 86 |
| 22 or 23 cents per pound | | | | 4 | 3 | 7 |
| 24 to 28 cents per pound | | | | 1 | | 1 |
| 24 to 30 cents per pound | | | | 1 | | 1 |
| 27 cents per pound | | 1 | 1 | 1 | | 1 |
| 25 to 30 cents per pound | 5 | 7 | 12 | 4 | | 4 |
| 30 cents per pound | 4 | 23 | 27 | 19 | 7 | 26 |
| 30 to 35 cents per pound | | | | 1 | | 1 |
| 32 cents per pound | | 1 | 1 | | | |
| 35 cents per pound | | 6 | 6 | 1 | 2 | 3 |
| Over 33 cents per pound | | [2] 5 | 5 | 1 | 1 | 2 |
| Depends on supply and demand | 2 | | 2 | 4 | 10 | 14 |
| Cost plus | 4 | | 4 | 3 | 8 | 11 |
| All you can get | 1 | | 1 | | | |
| Don't know | 3 | 12 | 15 | 4 | | 4 |
| No answer given | 34 | 14 | 48 | 8 | 32 | 40 |
| Total | 99 | 108 | 207 | 123 | 132 | 255 |

[1] This question was asked during the period Nov. 1, 1925–Apr. 30, 1926.
[2] One 50 cents, two 40 cents.

As shown in the table, the members' ideas as to what constitutes a fair price vary considerably, but most of the answers name a figure above prevailing prices [4] for cotton or tobacco. Members of association 4 would be satisfied apparently with about 5 cents per pound less for cotton than would the members of association 3. The difference between the ideas of "fair" prices in the tobacco associations may be explained in part, at least, by differences in the types involved. These prices indicate the expectations of members regarding prices a cooperative organization should obtain for them.

### EFFECT OF ORGANIZATION CAMPAIGN

The methods employed in organizing an association have some effect on the attitude of members toward the organization, at least so far as their conception of the association at the time of joining is concerned. To ascertain the views of members regarding the methods of organizing, the question was asked, "Was the contract represented correctly to you at the time you signed?" The replies are shown in Table 7. They indicate that the members on the whole did not feel that they had been misled as to the nature of the marketing contract.

[4] Prices in the period Nov. 1, 1925–Apr. 30, 1926, during which the question was asked.

TABLE 7.—*Replies to questions regarding correct representation of contract by organizers*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *Was the contract represented correctly to you when you signed it?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 85 | 70 | 105 | 85 | 345 |
| No | 13 | 33 | 12 | 31 | 89 |
| Don't know | 1 | 5 | 6 | 11 | 23 |
| Total | 99 | 108 | 123 | 127 | 457 |
| *If the contract was misrepresented, in what respect was it misrepresented?* | | | | | |
| Amount of advance | 3 | 20 | 3 | 14 | 40 |
| As to percentage signed | 2 | 4 | 3 | 0 | 9 |
| Total | 5 | 24 | 6 | 14 | 49 |

The next question, "If the contract was misrepresented, in what respect was it misrepresented?" was asked to arrive at the form of misrepresentation. The replies (Table 7) suggest that organizers sometimes were too optimistic, or that the members misunderstood their statements regarding the advances that would be paid. The question of the time of payment for the product is of considerable importance to farmers. This is particularly true in the case of nonperishables where the sales may extend over many months and sometimes even years, so that final settlement is delayed. The proportion of the final price which the initial advance represents is therefore important to the grower.

Attention should be called to the fact that the question asked applied to the contract itself, rather than to representations regarding the possibilities of the organization. It is possible that misrepresentation or misunderstandings have occurred which were not concerned with the terms of the contract. Definite measurement of these factors would be difficult.

## SATISFACTION OF MEMBERS WITH ASSOCIATIONS

The question, "Would you be willing to sign a new contract?" was employed to indicate, through the replies, the satisfaction of the member with his association. Table 8 gives the replies. These figures indicate the existence of considerable dissatisfaction among the members interviewed. Less than 40 per cent expressed willingness to sign a new contract. Attention should be called to the variations between different organizations. A considerably larger proportion of the members of association 4 thought they were ready to renew their contracts than in the other associations. It will be recalled that the members of this association did not appear to place as much reliance on commodity control as did the members of the other organizations. This attitude may account in part for their greater satisfaction with the services of their association.

The next question on the schedule, "Under what conditions would you sign another contract?" was asked of those who did not indicate a ready willingness to renew membership. The answers received (Table 8) indicate that almost one-third of the members who answered this question were unwilling to sign under any conditions. A little over one-third showed the belief they have in the benefits of commodity control. This applies particularly to the tobacco associations, and especially to association 1. Almost another third either did not have any clear ideas in mind, or did not answer the question.

TABLE 8.—*Replies to questions as to willingness of members to sign new contracts*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | [1] 2 | 3 | 4 | |
| *Would you be willing to sign a new contract?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | [2] 21 | -------- | 40 | 64 | 125 |
| No | 31 | -------- | 41 | 54 | 126 |
| Uncertain | 47 | -------- | 42 | 13 | 102 |
| Total | 99 | -------- | 123 | 131 | 353 |
| *Under what conditions would you sign another contract?* | | | | | |
| None | 5 | 29 | 23 | 24 | 81 |
| Get a major percentage of the crop | [3] 47 | 26 | 10 | 11 | 94 |
| Uncertain | 6 | 21 | 53 | 7 | 87 |
| Pay up or pay off sooner | [4] 3 | 2 | 0 | 2 | 7 |
| Less expense | 0 | 0 | 0 | 3 | 3 |
| Enforce the contract | 0 | 0 | 0 | 3 | 3 |
| Total | 61 | 78 | 86 | 50 | 275 |

[1] Because of certain local conditions at the time this survey was taken, 10 replies from association 2 on question 1 were not used.
[2] Six of these added: "If a certain percentage sign contract."
[3] These answered: "When the signatures already obtained represent 75 to 100 per cent (three answered 'above 90 per cent') of the crop."
[4] When they may get a selling pool.

### WITHDRAWAL PRIVILEGE IN CONTRACT

The associations included in this study employ marketing contracts that run for a period of years with no provision for withdrawal during the term of the contract. The members are therefore definitely obligated to deliver their crop to the association. To discover whether this feature of the contract was a source of dissatisfaction, the members were asked, "Do you think dissatisfied members should be allowed to withdraw from the association?" The replies are tabulated in Table 9.

TABLE 9.—*Replies to questions regarding privilege of withdrawal from the association*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | [1] 2 | 3 | 4 | |
| *Do you think that dissatisfied members should be allowed to withdraw from the association?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 11 | 44 | 56 | 84 | 195 |
| No | 67 | 52 | 53 | 35 | 207 |
| Uncertain or no answer | 21 | 12 | 13 | 14 | 60 |
| Total | 99 | 108 | 122 | 133 | 462 |
| *If the contract permitted, would you withdraw?* | | | | | |
| Yes | 11 | ---- | 24 | 36 | 71 |
| No | 65 | ---- | 61 | 87 | 213 |
| Don't know | 0 | ---- | 22 | 6 | 28 |
| Total | 76 | ---- | 107 | 129 | 312 |

[1] The confusion existing in association 2 at the time of the survey made data on this question of little value for that territory.

Slightly more than half of those who gave a definite answer did not favor granting permission to withdraw. Some interesting comparisons are suggested by the variations between associations. Association 1 showed a decided objection to permitting withdrawal, whereas association 4 showed about the same degree of belief in the withdrawal privilege. The former is a tobacco association and the latter a cotton association. The greater importance placed upon commodity control in the marketing of tobacco may be one reason for the opposite answers given by members of the two associations.

The answers to the question, "If the contract permitted, would you withdraw?" (Table 9), are a further indication of whether members were satisfied with their organization. When these answers are compared with those to the question, "Would you be willing to sign a new contract?" (Table 8), it will be noted that the number who indicated that they would not sign a new contract is larger than the number who replied that they would withdraw from the association, if given the opportunity. When compared with the number who answered "None" to the question, "Under what conditions would you sign another contract?" (Table 8), a much closer correspondence is found, indicating that some who would like to withdraw are unwilling to sign another membership contract under any conditions.

An appreciable proportion of those who expressed dissatisfaction still believe strongly enough in the value of organization to remain as members, even though they were permitted to withdraw. It seems reasonable to infer that some who express an intention not to sign a new contract may do so when the time for decision arrives, especially if they feel that some of the causes of their dissatisfaction have been removed.

## SOME SOURCES OF DISSATISFACTION

The question, "What is your most important criticism of the association?" was asked. The object of this question was to note the causes of dissatisfaction which the criticism would reveal. As shown in Table 10, a wide variety of answers were received.

TABLE 10.—*Replies to question, "What is your most important criticism of the association?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| None | [1] 28 | 12 | 64 | 40 | 144 |
| Delayed payments or too long getting money | 21 | 12 | 7 | 18 | 58 |
| Too high salaries or expenses | 5 | 16 | 10 | 7 | 38 |
| Holding the crop or slow sales | 12 | | | 9 | 21 |
| The outsider or too small membership | 8 | | 12 | 2 | 22 |
| Disloyalty of membership | 4 | 8 | | | 12 |
| Too lax in enforcement of penalties for contract violations | 3 | | | 10 | 13 |
| Manager or the management | | 24 | | 8 | 32 |
| Grading | 3 | | | | 3 |
| Overproduction or spreading of territory | 3 | | | | 3 |
| Can not borrow on participation receipts | 2 | | | | 2 |
| Secrecy or lack of information | | 3 | | | 3 |
| Other answers | 5 | 22 | 19 | 28 | 74 |
| No answer given | 5 | 11 | 11 | 10 | 37 |
| Total | 99 | 108 | 123 | 132 | 462 |

[1] Six of these stated in answer to the question regarding the signing of a new contract that they would not be willing to sign a new contract unless the outsider did.

The most important single object or criticism was the delay in payments, arising from pooling the commodity. The belief that salaries or expenses were too high was expressed by a number, particularly in associations 2 and 3. Association 2 had been experiencing some difficulties in management, and this condition was reflected in criticism of the management by a number of members. Association 4 had not always followed a well-defined policy of contract enforcement, and several of its members criticized it on that account.

Among the replies grouped under the heading "Other answers" were such expressions as, "misrepresented some things," "not democratic," "ought to be more open and frank with the members," "wrong men employed," "uncertainty and doubt as to what I'll get," "management knows nothing about selling cotton," and "directors not equal to the job." Such general statements suggest the importance of keeping members fully informed and making them feel that they are a definite part of the organization. Some of those who had no criticism probably were merely in the position of not having any specific point in mind at the time.

### METHOD OF PAYMENT

Because of the importance to members of the method of payment employed by the association, the questions, "Does the method of

payment handicap you in any way?" and "If so, how?" were asked. The replies are shown in Table 11. One-third of those interviewed indicated that they were handicapped by the method of payment, and the principal explanation was that they needed the money.

TABLE 11.—*Replies to questions on effect of method of payment*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *Does the method of payment handicap you?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 40 | 29 | 38 | 47 | 154 |
| No | 50 | 52 | 79 | 82 | 263 |
| No answer | 9 | 27 | 5 | 4 | 45 |
| Total | 99 | 108 | 122 | 133 | 462 |
| *If so, how?* | | | | | |
| Can not meet obligation | 4 | | | 19 | 23 |
| Need money | 31 | 18 | 18 | 19 | 86 |
| Have to borrow money | | 7 | 4 | 7 | 18 |
| Like to have all my money at one time | | 3 | 4 | | 7 |
| Total | 35 | 28 | 26 | 45 | 134 |

## CONTRACT VIOLATIONS

The persons interviewed were asked, "If any of your neighbors do not deliver to the association, what reason do they give for not delivering?" with the results shown in Table 12. The answers to this question bear out the important part played by delayed payments. The need or wish for prompt payment was far in the lead among causes for violation.

TABLE 12.—*Replies to questions regarding deliveries and contract violations*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *If any of your neighbors do not deliver to the association, what reason do they give for not delivering?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Need or want more money at once | 32 | 40 | 27 | 76 | 175 |
| Get more money outside | 2 | 33 | 3 | 8 | 46 |
| Don't know, or have not heard | 3 | | 10 | 25 | 38 |
| Know of none | 7 | | 69 | | 76 |
| Can not wait two years for money | 2 | | | | 2 |
| Total | 46 | 73 | 109 | 109 | 337 |
| *Do you think a member is ever justified in selling outside the association?* | | | | | |
| No | 72 | 47 | 98 | 52 | 269 |
| Yes | 9 | 51 | 13 | 71 | 144 |
| Not often | 2 | 3 | 9 | 9 | 23 |
| Conditional | 6 | | | | 6 |
| Total | 89 | 101 | 120 | 132 | 442 |

TABLE 12.—*Replies to questions regarding deliveries and contract violations*—Con.

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *What, in your opinion, would justify a member in selling outside the association?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Owes debts or has mortgaged crop | 6 | 17 | 8 | 56 | 87 |
| Needs or wants the money at once | 3 | 3 | 2 | 5 | 13 |
| Dissatisfied | 1 | 6 | 3 | 4 | 14 |
| Gets more outside | 1 | 25 | | | 26 |
| Total | 11 | 51 | 13 | 65 | 140 |
| *Do you think members should report contract violations by their neighbors?* | | | | | |
| Yes | 73 | 60 | [1] 100 | 55 | 288 |
| No | 9 | 30 | 11 | 64 | 114 |
| Conditional | 5 | | 12 | 8 | 25 |
| Total | 87 | 90 | 123 | 127 | 427 |
| *What should be done with contract violations?* | | | | | |
| Collect damages or prosecute | 74 | 38 | [2] 76 | 61 | 249 |
| Nothing | | 29 | 5 | 20 | 54 |
| Don't know | 3 | 23 | 25 | 19 | 70 |
| Expel | | | | 9 | 9 |
| Depends on conditions | | | 2 | 11 | 13 |
| Other answers | 4 | | 3 | 12 | 19 |
| No answers | 18 | 18 | 11 | 1 | 48 |
| Total | 99 | 108 | 122 | 133 | 462 |

[1] Nine of these answered "I should hate to." [2] Five of these answered "Five cents is too much."

This question was followed by the inquiry, "Do you think a member is ever justified in selling outside the association?" The sympathy felt toward contract violators is indicated by the replies shown in Table 12. A considerable majority indicated a definite opposition to contract violations, but over one-third of those interviewed apparently believed there were conditions which would justify violations.

A companion question, "If so, on what grounds?" was asked to ascertain the reasons which, in the opinion of members, would justify breaking of the agreement. The reasons given are listed in Table 12. Financial problems furnished the principal justification for contract violations.

To probe still further the members' attitude toward contract violations the question was asked, "Do you think members should report contract violations by their neighbors?" Table 12 shows that approximately two-thirds gave an affirmative answer but, as the figures indicate, there was considerable variation in the replies received from members of different associations. It is of interest to compare the answers to this question from members of association 4 with the answers of members of that association to the question, "Do you think dissatisfied members should be allowed to withdraw?" (Table 9.) A higher percentage of the members of association 4 also expressed the belief that there is justification for sale outside the association. (Table 12.)

Another question, "What should be done with contract violations?" was asked and Table 12 shows the remedies offered. Carrying out the enforcement provisions included in the contract was suggested by over one-half of the answers. Some of the members thought that the method should be determined locally in accordance with the details of each case. This was based on the feeling that local committees would be acquainted with the situation and settlements would be determined justly.

The handling of contract violations is a matter that may easily create ill will, both on the part of the violators and their friends and on the part of those opposed to such violations. For that reason the question, "Do you think violation settlements have hurt or helped the association?" was asked. The replies are listed in Table 13.

TABLE 13.—*Replies to question, "Do you think violation settlements have hurt or helped the association?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| Hurt | 7 | 41 | 22 | 50 | 120 |
| Helped | 51 | 17 | 38 | 23 | 129 |
| Don't know | 3 | 33 | 48 | 24 | 108 |
| Total | 61 | 91 | 108 | 97 | 357 |

Those who gave definite answers were almost evenly divided between those who believed the association had been helped and those who believed it had been hurt by the methods employed. Considerable variation is noted in the figures for the different associations. One of the tobacco associations showed a strong preponderance of feeling that the organization had been helped, whereas the other showed almost the opposite opinion. A somewhat similar situation is illustrated by the replies received from members of associations 3 and 4. This suggests that the methods employed and other conditions need to be considered. Association 4 had staged an active campaign to collect liquidated damages from violators, and it appears that concessions sometimes were made in order to effect settlements, so that some paid proportionately more than others.

### MISTAKES CHARGED TO ASSOCIATIONS

Members may be dissatisfied because of mistakes which the management has made or which members believe it has made. The question "What mistakes do you think the association has made?" was asked for the purpose of locating other sources of dissatisfaction. The replies are summarized in Table 14.

TABLE 14.—*Replies to question, "What mistakes do you think the association has made?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| Holding the commodity | 35 | | 2 | 36 | 73 |
| Don't know | 5 | 13 | 36 | 30 | 84 |
| None | 20 | | 22 | 9 | 51 |
| Not enforcing contracts | | | | 12 | 12 |
| Too much salary or expense | 6 | 27 | 3 | 4 | 40 |
| Violating settlements | | | | 5 | 5 |
| Don't give members enough information | | 4 | 2 | | 6 |
| Allowing officers to contract with themselves | | 8 | | | 8 |
| Other answers | 18 | 26 | 8 | 28 | 80 |
| Total | 84 | 78 | 73 | 124 | 359 |

A considerable proportion indicated that they knew of no mistakes, or had no criticisms to make. These answers for the most part probably indicate satisfaction, but in some cases may have resulted from lack of knowledge. The number who answered, "Holding the commodity," suggests that many have watched the effect of holding the commodity for too high a price. The emphasis placed on delayed payments in other connections suggests that this may explain at least some of these answers. Naturally the experiences and condition of each association are important factors in determining the type of answers to such an inquiry.

### LACK OF KNOWLEDGE ABOUT THE ASSOCIATION

Centralized associations of the kind covered by this study are of such size and they cover such a wide territory that many members are a considerable distance from headquarters. A member often has no direct contact with his association. This, of course, adds to the difficulty of disseminating correct information about the organization.

The schedule contained the question, "Have you ever visited the central office of the association?" The answers are shown in Table 15. Of the members interviewed, only about one in eight had visited the main office of the association with which they were connected. Clearly, personal visits by the members must be supplemented by other methods of contact.

TABLE 15.—*Replies to question, "Have you ever visited the central office of the association?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| No | 71 | 71 | 108 | 117 | 367 |
| Yes | [1] 24 | 7 | 9 | 15 | 55 |
| Total | 95 | 78 | 117 | 132 | 422 |

[1] The higher proportion of members who had visited the association in the case of this association probably is due to the fact that a large percentage of those interviewed were located within 75 miles of the headquarters.

### DIRECTORS OF CENTRALIZED ASSOCIATIONS

The director presumably is the representative of the members in his district. To ascertain how well the members were acquainted with the director in their district, the question, "Are you acquainted with the director?" was asked with the results tabulated in Table 16.

TABLE 16.—*Replies to questions regarding directors of associations*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *Are you acquainted with the director?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 76 | 55 | 48 | 100 | 279 |
| No | 7 | 47 | 74 | 30 | 158 |
| Total | 83 | 102 | 122 | 130 | 437 |
| *What do you think of his ability?* | | | | | |
| Good | 68 | 48 | 46 | 79 | 241 |
| Other answers | 5 | 3 | 1 | 21 | 30 |
| Total | 73 | 51 | 47 | 100 | 271 |
| *What do you think of his honesty and integrity?* | | | | | |
| Good | 80 | 100 | 122 | 123 | 425 |
| Other than good | 3 | 2 | | 7 | 12 |
| Total | 83 | 102 | 122 | 130 | 437 |
| *Have you any criticism of the way in which directors have been elected in the past?* | | | | | |
| None | 73 | 97 | 116 | | 286 |
| Other answers | 6 | 2 | | | 8 |
| Total | 79 | 99 | 116 | | 294 |

The variation between associations probably is due largely to differences between the size of territories included in director districts. It may be due in part to differences in the prominence of directors in other activities or to differences in the extent to which they personally have attempted to carry on field service work. Replies to the next questions, "What do you think of his ability?" and "What do you think of his honesty and integrity?" are also listed in Table 16. Members in associations 1, 2, and 3 were asked if they had any criticisms of the way in which directors had been elected in the past. The replies show very little criticism on these grounds.

### SALARIES PAID

The salaries and other expenses of marketing associations are frequently the basis of criticism. To discover whether members knew the amount of the salary of the manager, they were asked the salary of the manager. (Table 17.) A little more than one-third of the members interviewed knew the salary paid the manager. Note should be made of the variation between associations. In association 1 almost three-fourths of the members were able to give the manager's salary, or approximate it closely, while in association 3 only about one-seventh knew the amount.

TABLE 17.—*Replies to questions regarding manager's salary*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *What is the manager's salary?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Don't know | 19 | 54 | 102 | 75 | 250 |
| Naming a definite figure, correct or nearly correct | 55 | 21 | 16 | 42 | 134 |
| Total | 74 | 75 | 118 | 117 | 384 |
| *What salary do you think justified for the manager?* | | | | | |
| Don't know | 15 | 31 | 61 | 57 | 164 |
| "A good salary" | 15 | 9 | 11 | ---- | 35 |
| Depends on manager's ability | 11 | 12 | 14 | [1] 13 | 50 |
| Depends on the volume of business | ---- | 6 | ---- | ---- | 6 |
| Naming a definite figure, approximating present salary | 14 | 30 | 26 | 29 | 99 |
| A definite figure, about one-half of present salary | 10 | ---- | 9 | 12 | 31 |
| Total | 65 | 88 | 121 | 111 | 385 |

[1] "Enough to get a good manager."

Replies to the question "What salary do you think justified for the manager?" do not indicate that clear-cut ideas are held generally by the members regarding the proper salary for their manager.

OPERATING EXPENSES

To discover how well-informed members were regarding expenses, the question "What is the cost of marketing (cotton per bale and tobacco per 100 pounds) through the association?" was asked. The distribution of answers is shown in Table 18. Almost half of the members interviewed had no definite idea of expenses. The lack of information on this point was particularly striking in the case of association 3.

TABLE 18.—*Replies to question, "What is the cost of marketing cotton and tobacco through the association?"*

| Reply | Members reporting | | | | Total |
|---|---|---|---|---|---|
| | Tobacco association | | Cotton association | | |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| Don't know | 39 | 47 | 96 | 19 | 201 |
| Less than $1 per 100 pounds | 6 | ---- | ---- | ---- | 6 |
| $1 to $2 per 100 pounds | 23 | 5 | ---- | ---- | 28 |
| $2 to $3 per 100 pounds | 1 | 2 | ---- | ---- | 3 |
| $3 to $4 per 100 pounds | 4 | 4 | ---- | ---- | 8 |
| $3 to $4 per bale | ---- | ---- | 14 | 32 | 46 |
| $4 to $5 per bale | ---- | ---- | 4 | 50 | 54 |
| Total | 73 | 58 | 114 | 101 | 346 |

To ascertain the member's attitude regarding expenses, he was asked, "What is your opinion of the cost of marketing through the association?" and "What expense, if any, do you think the association could profitably eliminate?" Table 19 shows the tabulated

answers. No general agreement on possible reductions is evidenced, in fact the majority of those interviewed evidently had no complaints as to marketing costs. Association 4 showed a considerable number who believed that a saving could be made on field service doubtless because of local conditions within that organization.

TABLE 19.—*Replies to inquiries as to the members' attitude regarding expenses*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *What is your opinion of the cost of marketing through the association?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Reasonable or cheap | 35 | 19 | 52 | 63 | 169 |
| Too much | 1 | 19 | 13 | 37 | 70 |
| Don't know | 5 | 12 | | 6 | 23 |
| Total | 41 | 50 | 65 | 106 | 262 |
| *What expense, if any, do you think the association could profitably eliminate?* | | | | | |
| None | 15 | | 10 | 16 | 41 |
| Field men | | 3 | 2 | 31 | 36 |
| Don't know | 19 | 21 | 37 | 28 | 105 |
| High salaries (by reduction) | 6 | 2 | 10 | 6 | 24 |
| Unnecessary labor (employ fewer men) | 6 | 5 | 1 | 6 | 18 |
| Other answers | 9 | | | | 9 |
| Total | 55 | 31 | 60 | 87 | 233 |

## LACK OF APPRECIATION OF MARKETING SERVICES

The schedule included questions designed to bring out the members' conception of the advantages and benefits resulting from membership in the organization. The first of these questions, "What are the principal benefits you have derived from selling your tobacco (or cotton) through the association?" gave a wide distribution of replies. (Table 20.)

TABLE 20.—*Replies showing appreciation of the marketing services of the association*

[This survey was begun in November, 1925, and completed in April, 1926]

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *What are the principal benefits you have derived from selling your tobacco (or cotton) through the association?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Get more money than outside buyers would give | 3 | | [1] 8 | 60 | 71 |
| Grading services | | | 16 | 3 | 19 |
| Orderly marketing | | 9 | | | 9 |
| Break even | | | | 4 | 4 |
| Get money at different times of the year | | | 8 | 5 | 13 |
| Better average prices | | 6 | 8 | | 14 |
| Less trouble and worry | | 2 | 19 | 4 | 25 |
| Don't know, or don't know yet | | 8 | 22 | | 30 |
| More money than if there were no association | 43 | 15 | | [2] 6 | 64 |

[1] Part of the time.

[2] Stabilized the price.

TABLE 20.—*Replies showing appreciation of the marketing services of the association*—Continued

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *What are the principal benefits you have derived from selling your tobacco (or cotton) through the association?*—Continued. | *Number* | *Number* | *Number* | *Number* | *Number* |
| None | 19 | 33 | 26 | 36 | 114 |
| Other answers | 26 | 13 | 12 | 12 | 63 |
| No answer | 8 | 23 | 4 | 2 | 37 |
| Total | 99 | 109 | 123 | 132 | [3] 463 |
| *What advantages have you as a member which nonmembers do not have?* | | | | | |
| None | 60 | 50 | 30 | 46 | 186 |
| Selling on grade, insurance, and other marketing services | 3 | 4 | 26 | 7 | 40 |
| Get more money | 3 | | | 37 | 40 |
| Get money at different times of the year | 2 | | | 9 | 11 |
| Less trouble | 2 | | 10 | 12 | 24 |
| Don't know | | 17 | 25 | | 42 |
| Average price | | 6 | 6 | | 12 |
| Better standing in the neighborhood | 9 | | | | 9 |
| Get advance and wait to sell | | | 8 | | 8 |
| Feeling of helping the cause | 4 | | | | 4 |
| Loan value on participation certificates | 2 | | | | 2 |
| Production credit | | | 4 | | 4 |
| Other answers | 7 | [4] 26 | 8 | 16 | 57 |
| No answers | 7 | 5 | 6 | 6 | 24 |
| Total | 99 | 108 | 123 | 133 | [3] 463 |
| *What advantages, if any, have nonmembers which you do not have?* | | | | | |
| Sell and get money at once | 66 | 53 | [5] 72 | 43 | 234 |
| Riding the association [6] | 9 | 15 | 23 | 28 | 75 |
| Better prices | 5 | 13 | | [7] 15 | 33 |
| None | 8 | 12 | 15 | 37 | 72 |
| Don't know | | | 38 | | 38 |
| No answer | 6 | | 3 | 5 | 14 |
| Total | 94 | 93 | 151 | 128 | [3] 466 |

[3] Some members gave two answers. This increased the total benefits and advantages mentioned.
[4] Twelve of these replies were "orderly marketing."
[5] "Can sell when he pleases."
[6] By "riding the association" is meant obtaining the benefits of the organization without contributing to its support.
[7] Can sell on high market.

As would have been expected, most of the benefits listed relate to better prices. The most suggestive thing about this summary is the large number who answered "None," indicating, so far as they were concerned, no appreciation of any benefits. It would not be safe to conclude that the associations have been of no benefit. The large number who believe they have been benefited would cast doubt on the validity of any such conclusion. In many cases the reply is probably caused by failure to appreciate the benefits.

It is interesting to study the variations among the different associations. While "orderly marketing" and the distribution of payments over a period of time often have been held up as important advantages of cooperative marketing if carried on according to the plans of these organizations, few of those interviewed mentioned these points. The benefits resulting from classing and selling on a grade basis by these associations would seem to be highly valuable services, but only in the case of association 3 did any considerable number indicate an appreciation of these services.

The next question approached the matter of benefits from another angle by asking, "What advantages have you as a member which nonmembers do not have?" The answers given to this question are in Table 20. A larger number answered "None" than in the case of the previous question. This is natural in view of the fact that nonmembers often share in the benefits of cooperative marketing. A larger number appeared to appreciate the value of the grading service, when they compared their position with that of the nonmember.

The next question reversed the proposition by asking, "What advantages, if any, have nonmembers that you do not have?" The answers to this question are shown in Table 20, and throw further light on the importance attached to the matter of getting paid promptly. More than one-half of the replies mentioned this as an advantage. Only in association 4 did any considerable number indicate a belief that nonmembers have no advantage.

### LACK OF APPRECIATION OF GRADING SERVICES

The question, "Do you think your association pays more nearly according to grade than private buyers pay individual farmers?" was asked to determine what recognition would be given to the service of grading when it was specificially brought to the attention of members. Table 21 shows the results.

TABLE 21.—*Replies to question, "Do you think your association pays more nearly to grade than private buyers pay individual farmers?"*

| Reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 58 | 69 | 90 | 93 | 310 |
| No | 15 | 24 | 11 | 21 | 71 |
| Do not know | [1] 14 | 9 | 16 | 14 | 53 |
| No answer | 12 | 6 | 5 | 5 | 28 |
| Total | 99 | 108 | 122 | 133 | 462 |

[1] Can not tell yet until association makes final payment.

Two-thirds of the members interviewed evidently felt that their association rendered a service in grading when the matter was brought to their attention in this way. Some of those who answered "No," or "I don't know," may have been comparing association average prices with prices quoted by outside buyers rather than actual prices for specific grades. The practice which is often followed of buying cotton at a flat price tends to benefit the producers of lower grades at the expense of growers of cotton of higher quality. Some members may have had in mind a possible advantage in selling low-grade cotton to local buyers.

## FIELD SERVICE IN CENTRALIZED COOPERATIVES

The cotton and tobacco associations established field-service work early in their existence. The emphasis in this work at first was placed on obtaining delivery of the product and soliciting new members. The work of obtaining delivery included checking up cases of intended violations of the marketing contract and collecting evidence and liquidated damages when violations actually occurred. Recently field service has been understood to involve more than contract enforcement. It is now realized more clearly that informed members are essential to proper morale in the organization. The field service departments of these associations are therefore taking on some general educational and informational activities.

### MEMBERS' OPINIONS OF FIELD SERVICE

The question, "Does the association have a field-service staff?" was asked to learn how generally the membership was familiar with this work. All of those interviewed answered the question in the affirmative except 3 members of association 1 and 12 members of association 4.

TABLE 22.—*Replies to inquiries regarding members' opinions of field service*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *What is the purpose of field service?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Get new members | 7 | 30 | 78 | 28 | 143 |
| Look after deliveries and dumpers | 67 | 22 | 22 | 76 | 187 |
| Give information or keep in touch with members | 4 | 8 | [1] 21 | 3 | 36 |
| Don't know | | | 15 | 15 | 30 |
| Total | 78 | 60 | 136 | 122 | 396 |
| *Would you suggest any changes?* | | | | | |
| None | 58 | 46 | 73 | 31 | 208 |
| Discontinue | 5 | 7 | | 45 | 57 |
| Reduce, or other replies | 3 | | 9 | 16 | 28 |
| Total | 66 | 53 | 82 | 92 | 293 |
| *Should the field service be continued?* | | | | | |
| Yes | 67 | 49 | 82 | 39 | 237 |
| No | 5 | 20 | 10 | 51 | 86 |
| Don't know | 1 | 8 | 5 | 14 | 28 |
| In part | | | 2 | 5 | 7 |
| Total | 73 | 77 | 99 | 109 | 358 |
| *What do you think of the type of field men the association is employing?* | | | | | |
| Good | 46 | 53 | 81 | 39 | 219 |
| Other than good | 25 | 19 | 30 | 41 | 115 |
| Don't know | | | | 24 | 24 |
| Total | 71 | 72 | 111 | 104 | 358 |
| *How many times has the field man discussed the association with you?* | | | | | |
| Several | 19 | 55 | 51 | 21 | 146 |
| Two or three or a few times | 25 | 13 | 34 | 30 | 102 |
| None | 12 | 14 | 12 | 52 | 90 |
| Once | 3 | | 17 | 6 | 26 |
| Total | 59 | 82 | 114 | 109 | 364 |

[1] Keep in touch with the members.

The question, "What is its purpose?" was then asked with the results shown in Table 22. Most of those interviewed believed that the purpose of field-service work was to get new members and to obtain deliveries rather than to give information and maintain contacts. Members of association 3 placed particular emphasis on getting new members, a belief that, in all likelihood, was made more general by the fact that efforts to obtain new members were under way at the time the survey was made.

Further information on the members' opinion regarding field-service work was sought by means of the question, "Would you suggest any changes in the field service?" and "Should the field service be continued?" Table 22 shows the results obtained. Evidently the majority had no changes to suggest and such changes as were indicated related largely to discontinuance or reduction rather than to a change of method or purpose. A comparatively large number believed that this work should be continued.

The type of workers engaged in field service affects the attitude of members toward the work. The question, "What do you think of the type of field men the association is employing?" brought forth the answer given in Table 22. A majority of all the replies indicated satisfaction with the kind of workers employed. In association 4, however, there were more answers indicating dissatisfaction than satisfaction, and from the association were a number of "Don't know" replies. The type of work engaged in by the field men and the type of men doing the work are factors affecting the views of members regarding them. The field workers in association 4 had been devoting much time and attention to making settlements of liquidated damages with contract violators, an activity which was unpopular with many of the members.

Among the replies tabulated in Table 22 as "Other than good," were included some that criticized field men because of their lack of knowledge of farmers and farm problems. Others believed local men should be employed. Still others had the impression that the field-service department of their associations furnished a place for workers who had not made good elsewhere.

In reply to the question, "How many times has the field man discussed the association with you?" most of those interviewed indicated that they had at some time had direct contact with field workers.

### METHODS OF CONTACT IN FIELD SERVICE WORK

Community locals are or have been employed as contact points in the associations studied. These are informal local units established as a means of disseminating information and interchanging ideas. Some organizations have shifted the emphasis from community locals to what is called the "group leader plan." The latter plan contemplates the appointment by field-service workers of group leaders, each of whom will have assigned to him a group of 10 members.

Replies to the questions, "Do you have a local of the association available?" and "Do you consider the association local a good thing?" (Table 23) show that, while a majority of those interviewed evidently had no experience with locals, most of those who expressed themselves on this point indicated belief in them.

TABLE 23.—*Replies to questions on local associations*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | [1]3 | 4 | |
| *Do you have a local of the association available?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes or did have | 17 | 30 | -------- | 62 | 109 |
| No | 65 | 28 | -------- | 53 | 146 |
| Total | 82 | 58 | -------- | 115 | 255 |
| *Do you consider the association local a good thing?* | | | | | |
| Yes | 44 | 35 | -------- | 45 | 124 |
| No or doubtful | [2]9 | 9 | -------- | -------- | 18 |
| Total | 53 | 44 | -------- | 45 | 142 |

[1] This association had organized no locals of its own, but had employed to some extent some locals of another cooperative.
[2] Doubts that members would attend, or "didn't work."

## SOURCES OF INFORMATION

The amount and kind of information which is made available by an association to its members affect membership morale. The members were asked several questions on this point, replies to which are tabulated in Table 24. The magazine or paper published by each association was most frequently the source from which the members received information about their association.

TABLE 24.—*Replies to questions as to amount and kind of information made available to their members by associations*

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *From what sources do you get most information about the association?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| House organ | 19 | 33 | 96 | 95 | 243 |
| Papers (newspapers) | 20 | 4 | 7 | -------- | 31 |
| Locals, meetings, speeches | -------- | 5 | -------- | 4 | 9 |
| None, or none that is reliable | 3 | 4 | -------- | 1 | 8 |
| Field men, directors | [1]11 | -------- | [2]18 | [1]10 | 39 |
| People talking | 5 | -------- | -------- | -------- | 5 |
| Total | 58 | 46 | 121 | 110 | 335 |
| *Do you get the association paper?* | | | | | |
| Yes | 83 | 85 | 117 | 128 | 413 |
| No | 9 | 1 | 2 | -------- | 12 |
| Total | 92 | 86 | 119 | 128 | 425 |
| *What part do you read?* | | | | | |
| All | 50 | 49 | 73 | 66 | 238 |
| Parts, or most of it | 10 | 17 | 24 | 35 | 86 |
| None | 10 | 8 | 6 | 20 | 44 |
| Total | 70 | 74 | 103 | 121 | 368 |

[1] Director.
[2] Seven of these "director."

TABLE 24.—*Replies to questions as to amount and kind of information made available to their members by associations*—Continued

| Question and reply | Members reporting | | | | |
|---|---|---|---|---|---|
| | Association | | | | Total |
| | 1 | 2 | 3 | 4 | |
| *Does it contain the information you want?* | *Number* | *Number* | *Number* | *Number* | *Number* |
| Yes | 37 | 45 | 82 | 72 | 236 |
| Some | 17 | 25 | 16 | 16 | 74 |
| No | 15 | 8 | 2 | 25 | 50 |
| Other | 15 | | | | 15 |
| Total | 84 | 78 | 100 | 113 | 375 |
| *What changes in it would you suggest?* | | | | | |
| None | 40 | 51 | 77 | 81 | 249 |
| More detailed information | 14 | 7 | 17 | 23 | 61 |
| Total | 54 | 58 | 94 | 104 | 310 |

The house organ appears to be received by nearly all members. Their replies would indicate that it is very generally read, that it contains the information desired, and that most of the members have no changes to suggest. Among changes that were suggested were such items as, "Report sales and prices," "Tell what they are doing," "More business news," "List of officers and salaries," "Put cost in plain figures," "Make final statements clearer," "Less propaganda and more information," "Give facts, too much bias," and "More facts."

## CONCLUSIONS

Low prices prevailing at the time, the hope of market or price control and the hope of eliminating the middleman were the reasons that many farmers joined centralized cotton and tobacco associations.

Many members believed their associations were not functioning as they might because of insufficient control. They believed this insufficient control was due to lack of volume. Economies in operation arising from a large volume of business were insignificant in the minds of the members when compared with the benefits expected from market control.

Members generally believed the associations had helped the nonmember growers. In the tobacco associations, the belief was prevalent that the nonmember had benefited more than the member because members had been obliged to carry over a part of their crops, whereas the nonmembers had been able to sell on the open market at a favorable price maintained by the activities of the associations. The members of the cotton associations believed the nonmembers had profited by better prices during the period of heavy marketing because the associations distributed their sales throughout the year.

More than half the members of the four associations believed price fixing on the basis of cost of production could be achieved, if the associations had sufficiently large membership; but one-half

of the members of association 4 recognized that this is impossible. About the same number believed farmers should organize and set prices, whereas half the members of association 4 believed that such a plan is futile.

The membership campaigns of organization days resulted in some misunderstanding of the contract and the probable achievements of the association.

Two-thirds of the members of three of the associations were unwilling to state that they would sign another contract. Many of the members made control of a large percentage of the crop a condition of the renewal of their contracts.

Only in association 4 did a majority of members favor a withdrawal clause in the contract and believe that members should not report contract violations of neighbors. Many members of this organization believed the association must stand or fall on service to the members and can not depend on legal restraints to prevent contract violations.

Delayed settlements are the most common cause of dissatisfaction and the most common reason for contract violation. Holding the commodity in expectation of better prices or to maintain a definite price level ranked second as a source of dissatisfaction.

Members had little appreciation of the marketing services performed by the associations, and little definite knowledge of costs and salaries. Few had definite ideas regarding what may be reasonably expected of a cooperative marketing association.

The associations have justified their existence in the performance of marketing services. Their program involved permanent improvement of prices to the grower by performing marketing services better and at less expense than other marketing agencies, and by making payment to members on the basis of more accurate grades. Members did not understand this and had been looking for market control.

At the outset of this circular, the point was made that membership problems arise largely because of lack of information and understanding, and that the important consideration is what members believe to be the facts rather than what the facts really are. Obviously, therefore, these problems must be met by information. The association must give its members the facts and encourage sound thinking regarding the underlying principles of cooperation and marketing. This is the real work of the field-service department of an association. The work is all the larger and more important because mistaken ideas were implanted in the minds of many by arguments employed during the period of organization. Like all true educational agencies, field service must seek to give complete facts and to develop sound principles.

## ORGANIZATION OF THE UNITED STATES DEPARTMENT OF AGRICULTURE

January 7, 1927

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